

HOUSE BILL 2200

By Parkinson

AN ACT to amend Tennessee Code Annotated, Title 49,
relative to a trust fund for student athletes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 49, Chapter 7, is amended by adding sections 2 through 6 of this act as a new part.

SECTION 2.

(a) By March 1, 2013, and March 1 of each year thereafter, each public institution of higher education that participates in intercollegiate athletic competition as a member institution of the National Collegiate Athletic Association ("NCAA") at the Division 1 level, or that participates in such competition at an equivalent level in any successor organization to the NCAA, shall report to the state treasurer the number of students who participate in NCAA Division 1 intercollegiate athletics, or who participate in intercollegiate athletics at an equivalent level in any successor organization to the NCAA, who the institution reasonably anticipates will graduate with a baccalaureate degree from that institution during the next fiscal year. An institution reasonably anticipates that a student athlete will graduate during the next fiscal year if the student athlete's academic progress, when compared with the average academic progress of student athletes who graduated in the previous fiscal year, indicates that the student athlete will fulfill all academic requirements for graduation in the next fiscal year by successfully completing a number of classes that is equal to or less than the average number of classes taken by student athletes who graduated from that institution in the previous fiscal year.

(b) By March 1, 2013, and March 1 of each year thereafter, each public institution of higher education that participates in intercollegiate athletic competition as a member institution of the National Collegiate Athletic Association ("NCAA") at the Division 1 level, or that participates in such competition at an equivalent level in any successor organization to the NCAA, shall remit one percent (1%) of the gross revenue that was generated from ticket sales and merchandise and broadcast licensing agreements by its athletic department during the immediately prior calendar year for deposit in the student athlete trust fund, created by Section 3 of this act.

SECTION 3.

(a) The student athlete trust fund is hereby established as a special account in the state general fund. The purpose of the trust fund is to provide a source of funding for one-time payments to student athletes who graduate from a public institution of higher education located in Tennessee.

(b) Moneys in the trust fund shall be invested by the state treasurer, in accordance with applicable general law, except as qualified by this part. The state treasurer shall hold the trust fund separate and apart from all other moneys, funds, and accounts.

(c) Any balance remaining unexpended at the end of a fiscal year in the trust fund shall be carried forward into the subsequent fiscal year.

(d) Investment earnings credited to the assets of the trust fund, including, but not limited to, interest, shall be carried forward into the subsequent fiscal year.

(e) Moneys in the trust fund shall be expended only in accordance with, and for the purposes stated in, the provisions of this part. No part of the fund shall be diverted to the general fund or any other public fund for any purpose whatsoever.

SECTION 4.

(a) By May 15 of 2013, and May 15 of each year thereafter, the state treasurer shall calculate the amount of one-time payments that will be made available to student athletes who graduate from a public institution of higher education located in this state during the next fiscal year by dividing the total revenue generated during the immediately preceding calendar year that was forwarded to the state treasurer for deposit in the student athlete trust fund pursuant to subsection (b) of Section 2 of this act by the number of student athletes whose anticipated graduation during the next fiscal year is reported to the state treasurer pursuant to subsection (a) of Section 2 of this act.

(b) The state treasurer shall publish the amount of one-time payments that will be made available to student athletes who graduate from a public institution of higher education located in this state during the next fiscal year, as calculated under subsection (a) of this section, in a prominent location on the state treasurer's website.

(c) By June 30 of 2013, and June 30 of each year thereafter, the state treasurer shall remit to each public institution of higher education that complies with Section 2 of this act a payment equal to the amount calculated under subsection (a) multiplied by the number of student athletes whose anticipated graduation during the next fiscal year was reported to the state treasurer pursuant to subsection (a) of Section 2 of this act.

(d) Any public institution of higher education that receives a payment pursuant to subsection (c) shall provide a one-time payment to any student athlete who, through participation in intercollegiate athletics and while enrolled in any public institution of higher education located in this state, fully exhausted all of such student athlete's eligibility to participate in NCAA Division 1 intercollegiate athletics, or to participate in intercollegiate athletics at an equivalent level in any successor organization to the NCAA, and who graduates within the fiscal year for which the payment was remitted, in

an amount equal to the amount calculated under subsection (a). The payments required by this section shall not be made to any person until such person has completed all graduation requirements.

(e) If a public institution of higher education that receives a payment pursuant to subsection (c) does not expend the full amount of the payment that it receives for any fiscal year by making one-time payments to student athletes who graduate in that fiscal year, then any unexpended amount shall be added to the revenue that is forwarded to the state treasurer by the next March 1 immediately succeeding the conclusion of the fiscal year for which the payment was made.

SECTION 5. No public institution of higher education shall be required to comply with Sections 2 through 4 of this act, if compliance with such sections would cause such institution's athletic department to suffer an objectively measureable loss of revenue due to loss of membership in the NCAA, or any successor organization to the NCAA, or the loss of ability to compete in intercollegiate athletics for any other reason.

SECTION 6. The Tennessee higher education commission shall direct the appropriate representatives of the University of Tennessee and the Tennessee board of regents systems to, no later than July 1, 2012, request from the NCAA any waiver or change to existing rules that is necessary for public institutions of higher education in this state to comply with Sections 2 through 4 of this act. The Tennessee higher education commission shall report to the full membership of the general assembly any response that the NCAA provides as soon as practicable.

SECTION 7. This act shall take effect upon becoming a law, the public welfare requiring it.